GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:275
ANSWERED ON:31.08.2007
GROWTH RATE OF BANKING SECTOR
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Will the Minister of FINANCE be pleased to state:

(a) the details of growth rate of banking sector activities during the last three years;

(b) whether the growth rate has declined due to rising interest rates;

(c) whether any estimate has been made by the financial experts in this regard; and

(d) if so, the details thereof?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.275 FOR 31st AUGUST, 2007 REGARDING GROWTH RATE OF BANKING SECTOR TABLED BY DR. RAJESH MISHRA AND SHRI J.M. AARON RASHID

(a) : The deposits of scheduled commercial banks (SCBs) have increased by 13.0%, 18.1% and 23.7% on year-on-year (YoY) basis during the year 2004-05, 2005-06 and 2006-07 respectively. During this period, advances of these banks have increased by 30.9%, 30.8% and 28.0% (YoY) respectively. The profits of SCBs during the last two years have increased by 16.7% and 24.5% respectively.

(b) to (d) : The increase in interest rates due to monetary policy prescriptions has also caused decline in the rate of growth of advances of SCBs during the year 2006-07. This decline has been broadly in alignment with the projections of Reserve Bank of India.